

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7746

BILL NUMBER: HB 1569

NOTE PREPARED: Jan 29, 2003

BILL AMENDED:

SUBJECT: Internet Prescription Drug Information.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires the Drug Utilization Review Board to develop and implement an Internet site to provide to the public comparative information concerning efficacy, use, and cost of prescription drugs.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill authorizes and requires the Drug Utilization Review Board to develop and implement an Internet site from which the public may obtain information including the efficacy, use, and average retail price, of prescription drugs. The Therapeutics Committee is authorized and required to develop a comparison of the prescription drugs that are available to the public according to therapeutic classifications, including the information listed above.

The Therapeutics Committee and the Drug Utilization Review (DUR) Board are engaged in the development of the preferred drug list for the Indiana Medicaid program. The information developed by the DUR Board is technical in nature and not developed to provide understandable language to the general public. The Office for Oregon Health Policy and Research has been directed to offer all of the information concerning prescription drugs that is developed in the process of implementing a preferred drug list for Oregon's Medicaid program to the general public. This information is posted on the Oregon Rx web page. The information is not currently directed to a general audience, but rather to the provider community. Family and Social Services has yet to complete an estimate of the resources needed to implement the requirements of the bill. However, the majority of the expense expected would be related to the development and the presentation of the information in the manner the bill prescribes - not where the bill prescribes, on the internet. This project is not related to the Medicaid program and would not be anticipated to qualify for Medicaid administrative or medical assistance match.

The State of Maine has developed a program similar to that required by the bill. The Maine Drug Pricing Survey, is located on the state government's web site. The Drug Pricing Survey contains information similar

to that proposed in this bill and is provided on-line by the Maine Department of Human Services' Bureau of Elder and Adult Services. The Drug Pricing Survey is comprised of retail prices for just 15 pharmaceutical drugs gathered from a survey sent to pharmacies located throughout Maine as well as pharmacies located in Canada. The Maine Bureau of Elder and Adult Services distributed the survey to the pharmacies; once returned, the pharmacies were asked to verify the submitted prices. The retail pharmaceutical drug prices of the 112 pharmacies that chose to participate were then compiled by pharmacy and location and placed on-line. Consumers are advised on the web site that prices may have changed since the survey and they should verify prices with the pharmacies themselves.

The Maine Program appears to be fairly limited in scope; both in the numbers of drugs included in the survey and the number of pharmacies surveyed. This bill does not limit the number of drugs to be included on the Indiana internet site.

If FSSA can limit the drugs presented on the site to those most commonly used within the Medicaid program, the expense associated with the development of the information would be easier to estimate. (The Indiana Medicaid Preferred Drug List is already posted on the web site at www.indianapbm.com.) According to the Indiana Health Professions Bureau, there were 1,360 active pharmacies in Indiana as of October 2002. Assuming the cost for the survey forms, printing, sealing, and postage is \$190.30 per 1,000 forms, the cost of distributing a survey document for retail drug prices to Indiana's 1,360 pharmacies is estimated to be approximately \$259. This estimate does not take into consideration the development of the form, which could include all retail legend drugs unlike the shorter survey distributed by Maine's Bureau of Elder and Adult Services. Including all pharmaceutical drugs in such a survey could negatively affect the response rate of Indiana's pharmacies. The cost estimate also does not take into consideration the potential need for additional staff to implement, compile, and analyze a survey. If an additional administrative position or more technical assistance is needed, the cost would increase. *If additional information is received from the Maine Bureau of Elder and Adult Services regarding the resources used to implement the program, this note will be updated.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Maine Department of Human Services, Bureau of Elderly and Adult Services, (800) 262-2232; www.state.me.us/dhs/beas/; and the Office for Oregon Health Policy and Research, at www.oregonrx.org.

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